

PAN GLOBAL



BAL

— RESOURCES INC —

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

October 31, 2018

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Pan Global Resources Inc. (the "Company") for the nine months ended October 31, 2018 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

PAN GLOBAL RESOURCES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

	October 31, 2018	January 31, 2018
ASSETS		
Current assets		
Cash	\$ 2,427,188	\$ 1,800,082
Receivables (Note 4)	146,782	12,752
Prepaid expenses	1,498	-
Advance to operator, net (Note 5)	-	84,588
Total current assets	2,575,468	1,897,422
Non-current assets		
Exploration and evaluation assets (Note 5)	1,464,562	50,000
Total non-current assets	1,464,562	50,000
TOTAL ASSETS	\$ 4,040,030	\$ 1,947,422
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 351,933	\$ 158,340
Total liabilities	351,933	158,340
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	16,749,664	13,983,346
Reserves (Note 7)	2,688,233	2,662,598
Deficit	(15,951,081)	(14,856,862)
Total shareholder's equity attributable to equity holders of the Company	3,486,816	1,789,082
Non-controlling interest (Note 5)	201,281	-
Total shareholders' equity	3,688,097	1,789,082
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,040,030	\$ 1,947,422

Nature of operations and going concern (Note 1)

Event after the reporting date (Note 12)

These condensed interim consolidated financial statements are authorized for issuance by the Board of Directors on December 20, 2018.

Approved on behalf of the Board of Directors"Timothy Moody" Director"Robert Baxter" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PAN GLOBAL RESOURCES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
Exploration expenditures (Note 5)	\$ 339,638	\$ 172,366	\$ 827,478	\$ 406,653
General and administrative expenses				
Accounting, tax, and audit (Note 8)	15,500	14,100	46,630	39,850
Consulting and management fees (Note 8)	30,000	30,000	121,000	78,387
Investor relations	23,094	9,000	101,857	27,209
Office and rent	1,192	499	3,383	1,133
Professional fees (Note 8)	23,706	11,079	56,519	35,326
Regulatory and transfer agent	3,790	4,662	29,473	13,538
Share-based compensation (Notes 7, 8)	-	-	24,134	230,347
Travel and related	27,352	4,478	27,905	-
	124,634	73,818	410,901	425,790
Loss from operations	(464,272)	(246,184)	(1,238,379)	(832,443)
Foreign exchange loss	(5,575)	(3,861)	(10,902)	(1,499)
LOSS AND COMPREHENSIVE LOSS	\$ (469,847)	\$ (250,045)	\$ (1,249,281)	\$ (833,942)
Loss and comprehensive loss attributable to:				
Equity holders of the Company	\$ (367,434)	\$ (250,045)	\$ (1,094,219)	\$ (833,942)
Non-controlling interest	(102,413)	-	(155,062)	-
	\$ (469,847)	\$ (250,045)	\$ (1,249,281)	\$ (833,942)
Loss per common share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	93,260,778	73,548,803	85,584,471	65,074,338

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PAN GLOBAL RESOURCES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

	Nine months ended October 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,249,281)	\$ (833,942)
Items not affecting cash:		
Share-based compensation	24,134	230,347
Changes in non-cash working capital items:		
Receivables	(31,056)	(6,217)
Prepaid expenses	-	(2,500)
Advance to operator, net	32,081	(40,060)
Accounts payable and accrued liabilities	148,409	(113,847)
Net cash used in operating activities	(1,075,713)	(766,219)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(200,000)	-
Net cash used in investing activities	(200,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placement financing	2,007,600	1,043,500
Share issue costs	(124,781)	(73,564)
Exercise of stock options	20,000	-
Exercise of share purchase warrants	-	1,927,000
Net cash provided by financing activities	1,902,819	2,896,936
Change in cash during the period	627,106	2,130,717
Cash, beginning of period	1,800,082	32,087
Cash, end of period	\$ 2,427,188	\$ 2,162,804

Supplemental disclosure with respect to cash flows (Note 9)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PAN GLOBAL RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

	Number of common shares	Share capital	Subscriptions received in advance	Reserves	Deficit	Total
Balance at January 31, 2017	37,855,187	\$ 11,086,112	\$ 18,000	\$ 2,028,178	\$ (13,330,184)	\$ (197,894)
Shares issued on private placement	21,230,000	1,061,500	(18,000)	-	-	1,043,500
Share issued as finders' units	1,000,200	50,010	-	-	-	50,010
Share issue costs	-	(123,574)	-	-	-	(123,574)
Exercise of share purchase warrants	19,270,000	1,927,000	-	-	-	1,927,000
Share-based compensation	-	-	-	230,347	-	230,347
Loss for the period	-	-	-	-	(833,942)	(833,942)
Balance at October 31, 2017	79,355,387	\$ 14,001,048	\$ -	\$ 2,258,525	\$ (14,164,126)	\$ 2,095,447

	Number of common shares	Share capital	Reserves	Deficit	Non-controlling interest	Total
Balance at January 31, 2018	79,355,387	\$ 13,983,346	\$ 2,662,598	\$ (14,856,862)	\$ -	\$ 1,789,082
Shares issued on private placement	10,038,000	2,007,600	-	-	-	2,007,600
Share issue costs	-	(124,781)	-	-	-	(124,781)
Finders' warrants issued	-	(19,414)	19,414	-	-	-
Exercise of stock options	200,000	37,913	(17,913)	-	-	20,000
Shares issued for acquisition (Note 5)	4,700,000	865,000	-	-	356,343	1,221,343
Share-based compensation	-	-	24,134	-	-	24,134
Loss for the period	-	-	-	(1,094,219)	(155,062)	(1,249,281)
Balance at October 31, 2018	94,293,387	\$ 16,749,664	\$ 2,688,233	\$ (15,951,081)	\$ 201,281	\$ 3,688,097

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

1. NATURE OF OPERATIONS AND GOING CONCERN

Pan Global Resources Inc. (hereafter referred to as the “Company”) was incorporated under the laws of the Province of British Columbia and was established as a legal entity on February 1, 2006. On December 21, 2009, the Company changed its name from Mosam Capital Corp. to Pan Global Resources Inc.

The Company’s principal business activities are the acquisition of rights to explore for minerals and the exploration of acquired rights. The Company is primarily focused on the early stage exploration through to development of resources of copper and other metals in Spain. In addition to exercising its first option to acquire a 70% interest in Minera Aguila S.L.U. (“MASL”) (Note 5), the Company has also signed a Letter of Intent (“LOI”) with EVALAM2003 S.L. (“EVALAM”) to acquire the Escacena Investigation Permit (Note 12). The Company is continuing to review a number of other opportunities.

The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “PGZ”. The Company’s principal office is located at 700 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

These condensed interim consolidated financial statements are prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and develop profitable operations. These condensed interim consolidated financial statements do not include any adjustments to amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. At October 31, 2018, the Company has not achieved profitable operations and has accumulated losses since inception. The Company will need to raise additional funds to further its exploration and development programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Measurement

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), including International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). These condensed consolidated interim financial statements have been prepared on a historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as our most recent annual financial statements, except as described below, and should be read in conjunction with the annual audited financial statements of the Company for the year ended January 31, 2018.

Accounting Pronouncements Not Yet Effective

The following standard and pronouncement has been issued by the IASB and have not yet been adopted by the Company.

IFRS 16 Leases was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

3. APPLICATION OF NEW AND REVISED IFRS

Effective February 1, 2018, the Company has adopted IFRS 9 Financial Instruments ("IFRS 9"). Prior periods were not restated, and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement, and while this has resulted in several financial instrument classification changes, as presented in Note 11, there were no quantitative impacts from adoption. The details of the accounting policy changes are described below.

IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale.

Under IFRS 9, on initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated, and instead the hybrid financial instrument as a whole is assessed for classification. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets.

- Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Gains or losses recognized on the sale of the equity investment are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities are designated as either fair value through profit or loss, or other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the consolidated statement of financial position at amortized cost.

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

3. APPLICATION OF NEW AND REVISED IFRS (cont'd...)

The Company completed an assessment of its financial instruments as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	IAS 39	IFRS 9
Cash	FVTPL	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. For its trade receivables from provisional sales, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

4. RECEIVABLES

The Company's receivables arise from GST due from the Canadian and Spanish taxation authorities.

5. EXPLORATION AND EVALUATION ASSETS

	October 31, 2018	January 31, 2018
MASL, Spain	\$ 1,464,562	\$ 50,000
	\$ 1,464,562	\$ 50,000

Aguilas Project, Spain

In November 2016, the Company entered into a share option agreement with a related party (Note 8) for an option to acquire up to 100% interest of a Spanish exploration company, MASL, who has been granted two mineral exploration licenses, and applied for the issuance of an additional seven mineral exploration licenses in the Provinces of Cordoba and Ciudad Real, Kingdom of Spain, collectively referred to as the "Aguilas Project". For the duration of the agreement, MASL shall act as the operator of the exploration program and the related exploration expenditures shall be funded by the Company.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Aguilas Project, Spain (cont'd...)**

The Company has agreed to the aggregate consideration of 4,700,000 common shares of the Company, cash payments of \$450,000, and exploration expenditure commitments as follows:

	Cash payments	Common shares	Exploration expenditures ⁽²⁾
6-month anniversary of final TSX-V approval ⁽¹⁾	\$ 50,000	2,200,000	\$ -
18-month anniversary of final TSX-V approval ⁽¹⁾	150,000	2,500,000	-
36-month anniversary of final TSX-V approval	250,000	-	-
36-month anniversary of agreement closing date	-	-	1,000,000
	\$ 450,000	4,700,000	\$ 1,000,000

⁽¹⁾ Cash paid and common shares issued

⁽²⁾ No less than \$250,000 have been completed notwithstanding any decision by the Company not to proceed with further exploration.

In April 2018, the Company exercised its first option to acquire a 70% equity interest in MASL. The Company paid \$50,000 and issued 2,200,000 common shares (valued at \$440,000) to the optionor. In addition, net advance of \$341,466 from the Company, representing unspent funds held by MASL, remained in MASL. The purchase price allocation based on MASL's assets acquired and liabilities assumed is summarized as follows:

	Amounts
Cash paid	\$ 50,000
Common shares issued	440,000
Remaining advance to operator, net	341,466
Total considerations paid	\$ 831,466
Net assets acquired and liabilities assumed	
Cash	\$ 288,959
Receivables	102,974
Prepaid expenses	1,498
Exploration and evaluation assets	839,562
Accounts payable and accrued liabilities	(45,184)
	1,187,809
Non-controlling interest	(356,343)
Net assets acquired and liabilities assumed	\$ 831,466

In September 2018, the Company issued 2,500,000 common shares of the Company, valued at \$425,000, in connection to the option agreement acquiring MASL, who holds the Aguilas Project.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Furthermore, the Company may pay \$100,000 (or 1,000,000 common shares the Company, at the election of the optionor) if the Company acquires additional exploration rights in the area of 10 kilometers surrounding the boundaries of the three exploration licenses. In November 2017, the Company paid \$50,000 to the optionor to remove this term of the agreement.

Exploration Expenditures

During the nine months ended October 31, 2018, the Company incurred exploration expenditures as follows:

		Aguilas Project
Drilling	\$	134,195
License fees		105,275
Professional fees		50,739
Technical consulting		126,834
Technical services		327,801
Travel		82,634
	\$	827,478

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consist of the following:

	October 31 2018	January 31, 2018
Accounts payable	\$ 286,933	\$ 120,340
Accrued liabilities	65,000	38,000
	\$ 351,933	\$ 158,340

7. SHARE CAPITAL**Authorized Share Capital**

Authorized share capital consists of:

- unlimited number of common shares without par value
- unlimited class "A" common shares with a par value of \$1
- unlimited class "B" common shares with a par value of \$5

In September 2018, the Company issued 2,500,000 common shares of the Company, valued at \$425,000, in connection to the option agreement acquiring MASL, who holds the Aguilas Project (Note 5).

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

7. SHARE CAPITAL (cont'd...)

In June 2018, the Company completed a non-brokered private placement and issued 10,038,000 units at a price of \$0.20 per unit for gross proceeds of \$2,007,600. Each unit consists of one common share and one-half share purchase warrant entitling the holder of each full warrant to purchase one common share of the Company at a price of \$0.30. The warrants expire on January 18 and 27, 2020. In connection with the private placement, the Company paid \$96,756 and issued 241,890 warrants, valued at \$19,414, as finders' fees. Each full finders' warrant entitles the holder to purchase one common share of the Company at a price of \$0.30 for eighteen (18) months from the closing date. The expiry dates of all warrants issued may be accelerated by the Company if the common shares of the Company achieve a volume weighted average trading price greater than \$0.35 for twenty (20) consecutive trading days. The common shares, share purchase warrants, and common shares issued upon exercise of share purchase warrants are subject to a four-month hold period.

In March 2018, the Company issued 2,200,000 common shares of the Company, valued at \$440,000, for the exercise of its option to acquire the first 70% interest in MASL (Note 5).

In August 2017, the Company completed the acceleration of the 21,230,000 share purchase warrants issued in March 2017, where 19,270,000 were exercised at a price of \$0.10 per warrant, for gross proceeds of \$1,927,000, and 1,960,000 warrants were cancelled.

In March 2017, the Company completed a non-brokered private placement and issued 21,230,000 units at a price of \$0.05 per unit for gross proceeds of \$1,061,500. Each unit consists of one common share and one share purchase warrant entitling the holder of each full warrant to purchase one common share of the Company at a price of \$0.10. The warrants expire on March 6, 2020. In connection with the private placement, the Company issued 1,000,200 units to finders. These finders' units have the same terms as the private placement units. The common shares, share purchase warrants, and common shares issued upon exercise of share purchase warrants are subject to a four-month hold period.

Share-based Compensation

In June 2018, the Company granted 125,000 stock options to employees of the Company with an exercise price of \$0.215 per option with an expiry date of June 28, 2028.

In December 2017, the Company granted 2,775,000 stock options to directors, officers, and employees of the Company with an exercise price of \$0.20 per option with an expiry date of December 1, 2027.

In April 2017, the Company granted 2,425,000 stock options to directors, officers, and employees of the Company with an exercise price of \$0.10 per option with an expiry date of April 18, 2027.

In March 2017, the Company granted 200,000 stock options to a consultant of the Company with an exercise price of \$0.10 per option with an expiry date of March 20, 2027 and a vesting term over 12 months.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

7. SHARE CAPITAL (cont'd...)**Share-based Compensation (cont'd...)**

Using the fair value method for share-based payments, the Company determined the weighted average fair value of the options granted and finders' warrants issued to be \$43,548 or \$0.12 per share. The fair value of the stock options granted and finders' warrants issued was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

For the six months ended	July 31, 2018	July 31, 2017
Risk free interest rate	2.04%	1.53%
Expected dividend yield	0%	0%
Expected stock price volatility	100%	100%
Expected life in years	4	10
Forfeiture rate	0%	0%

In accordance with the vesting terms of stock options granted, the Company recorded a charge to share-based compensation expense of \$24,134 with the offsetting credit to reserves.

Stock Options

The continuity of stock options for the nine months ended October 31, 2018 are as follows:

Expiry date	Exercise price	Balance January 31, 2018	Granted	Exercised	Expired	Balance October 31 2018				
Mar 20, 2027	\$ 0.100	200,000	-	(200,000)	-	-				
Apr 18, 2027	\$ 0.100	2,425,000	-	-	-	2,425,000				
Dec 01, 2027	\$ 0.200	2,775,000	-	-	-	2,775,000				
Jun 20, 2028	\$ 0.215	-	125,000	-	-	125,000				
Total exercisable		5,400,000	125,000	(200,000)	-	5,325,000				
Weighted average exercise price	\$	0.15	\$	0.22	\$	0.10	\$	-	\$	0.15

As at October 31, 2018, the weighted average remaining life of the stock options outstanding is 8.82 (January 31, 2018 - 9.53) years.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

7. SHARE CAPITAL (cont'd...)**Share Purchase Warrants**

The continuity of share purchase warrants for the nine months ended October 31, 2018 is as follows:

Expiry date	Exercise price	Balance January 31, 2018	Issued	Exercised	Expired/cancelled	Balance October 31 2018
Jan 18, 2020 ⁽¹⁾	\$ 0.30	-	7,950,090	-	-	7,950,090
Jan 27, 2020 ⁽¹⁾	\$ 0.30	-	2,329,800	-	-	2,329,800
Mar 06, 2020	\$ 0.10	640,200	-	-	-	640,200
Total		640,200	10,279,890	-	-	10,920,090
Weighted average exercise price	\$	0.10	\$ 0.30	\$ -	\$ -	\$ 0.29

⁽¹⁾ Expiry may be accelerated, if the volume weighted average trading price of the Company's common shares on the TSX-V was greater than \$0.35 for 20 consecutive trading days.

As at October 31, 2018, the weighted average remaining life of the share purchase warrants outstanding is 1.23 (January 31, 2018 - 2.10) years.

8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to directors and key management personnel including the Company's President & Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Corporate Secretary were as follows:

For the nine months ended October 31, 2018	Fees or salaries	Share-based compensation	Total
President & CEO	\$ 180,000	\$ -	\$ 180,000
Corporate Secretary	46,350	-	46,350
CFO	18,000	-	18,000
	\$ 244,350	\$ -	\$ 244,350
For the nine months ended October 31, 2017	Fees or salaries	Share-based compensation	Total
President & CEO	\$ 156,775	\$ -	\$ 156,775
Corporate Secretary	35,326	4,472	39,798
CFO	18,000	4,472	22,472
Directors	-	205,731	205,731
	\$ 210,101	\$ 214,675	\$ 424,776

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

8. RELATED PARTY TRANSACTIONS (cont'd...)

As at October 31, 2018, included in accounts payable and accrued liabilities is \$72,000 (January 31, 2018 - \$106,333) owing to the related parties as follows: \$60,000 (January 31, 2018 - \$94,333) to the CEO and \$12,000 (January 31, 2017 - \$12,000) to the CFO of the Company.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended October 31, 2018, the Company:

- a) issued 2,200,000 (2017 - Nil) common shares, valued at \$440,000 (2017 - \$Nil), and offset \$341,466 of net advance to operator to acquire 70% interest of MASL (Note 5);
- b) issued 2,500,000 (2017 - Nil) common shares, valued at \$425,000 (2017 - \$Nil), in connection to the option agreement acquiring MASL, who holds the Aguilas Project (Note 5);
- c) issued 241,890 finders' warrants, valued at \$19,414, as finders' fees (Note 7);
- d) reallocated \$17,913 from reserves for exercise of stock options; and
- e) reallocated \$Nil (2017 - \$18,000) from subscription received in advance to share capital on the closing of its private placement.

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment: the exploration and development of mineral properties. Summarized financial information for the geographic segments the Company operates in are as follows:

As at October 31, 2018		Canada		Spain		Total
Exploration and evaluation assets	\$	-	\$	1,464,562	\$	1,464,562
Total	\$	-	\$	1,464,562	\$	1,464,562

11. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT**Financial Instruments**

The Company classified its financial instruments as follows:

As at October 31, 2018		Amortized cost
Financial assets		
Cash	\$	2,427,188
Financial liabilities		
Accounts payable and accrued liabilities	\$	351,933

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

11. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd...)

Fair Value

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The carrying value of cash and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Risk and Capital Management

The Company's capital includes share capital and the cumulative deficit. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations. There was no change in the Company's approach to managing capital during the nine months ended October 31, 2018. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. This note presents information about the Company's exposure to each of these risks, the Company's objectives and processes for measuring and managing risk, and the Company's management of capital.

Credit Risk

Credit risk arises from cash and deposits with banks, as well as credit exposure on outstanding receivables and committed transactions. There is no significant concentration of credit risk. The Company's cash deposits are primarily held with a Canadian chartered bank. The Company has minimal accounts receivable exposure as it relates to amounts due from the governments of Canada and Spain pursuant to goods and services tax credits.

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018

11. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd...)

Interest Rate Risk

As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not significantly affected by changes in market interest rates.

Currency Risk

The Company has identified its functional currency as the Canadian dollar. Certain of the Company's exploration expenditures have been denominated in Euros and United States dollars ("USD"). The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and those currencies. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. Management believes the foreign exchange risk related to currency conversions is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on the issuance of shares and warrants to fund exploration programs and will require doing so again in the future.

12. EVENT AFTER THE REPORTING DATE

Subsequent to October 31, 2018, EVALAM was granted the Escacena Investigation Permit, which is the subject of the LOI between EVALAM and the Company, who has an option to acquire 100% of the Escacena Investigation Permit for the following considerations: (a) \$350,000 in cash and (b) \$1,000,000 in exploration work commitments over a three-year period. EVALAM will retain a net smelter return ("NSR") of 0.5% on the first 12,500 tonnes of copper equivalent and 0.75% on any amount in excess of 12,500 tonnes of copper equivalent. The NSR also has a lifetime cap of \$5,000,000.